



FIXED PRICE COMMERCIAL ITEMS OR SERVICES SUBCONTRACT

Contract No. SPECIMEN TBD

BETWEEN

CALIFORNIA INSTITUTE OF TECHNOLOGY
JET PROPULSION LABORATORY
(The "Institute" or "JPL")
4800 OAK GROVE DRIVE
PASADENA, CALIFORNIA 91109-8099

AND

TBD

THIS CONTRACT FOR
JUST-IN-TIME ACQUISITION OF SCIENTIFIC AND ENGINEERING WORKSTATIONS AND
SERVERS

IS A

SUBCONTRACT UNDER JPL's NASA PRIME CONTRACT

TASK ORDER NO. Various Amendment

CONTRACT PRICE: \$TBD

A DO - C9 Rating is assigned to this Contract under DMS Regulation 1

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The following documents are incorporated into and made a material part of this Contract:

GENERAL PROVISIONS (GPs)(*See Website listed below)

Commercial Items or Services Contract R 8/01

JPL 1737, "Release of Information."

JPL 2385, "Notification to Prospective Subcontractors of JPL's Ethics Policies and Anti-Kickback Hotline."

JPL 2892, "Certifications of Nonsegregated Facilities, Clean Air and Water, Anti-Kickback Compliance, Americans with Disabilities Act Compliance, Certification and Disclosure Regarding Payments to Influence Certain Federal Transactions, Certification of Full Disclosure Regarding Debarred, Suspended, or Proposed for Debarment Status, and Certification of Toxic Chemical Release Reporting."

JPL 2895, "Asbestos Notification."

ADDITIONAL GENERAL PROVISIONS (AGPs)

Ceiling Price: Limitation of Institute's Obligation
Safety and Health

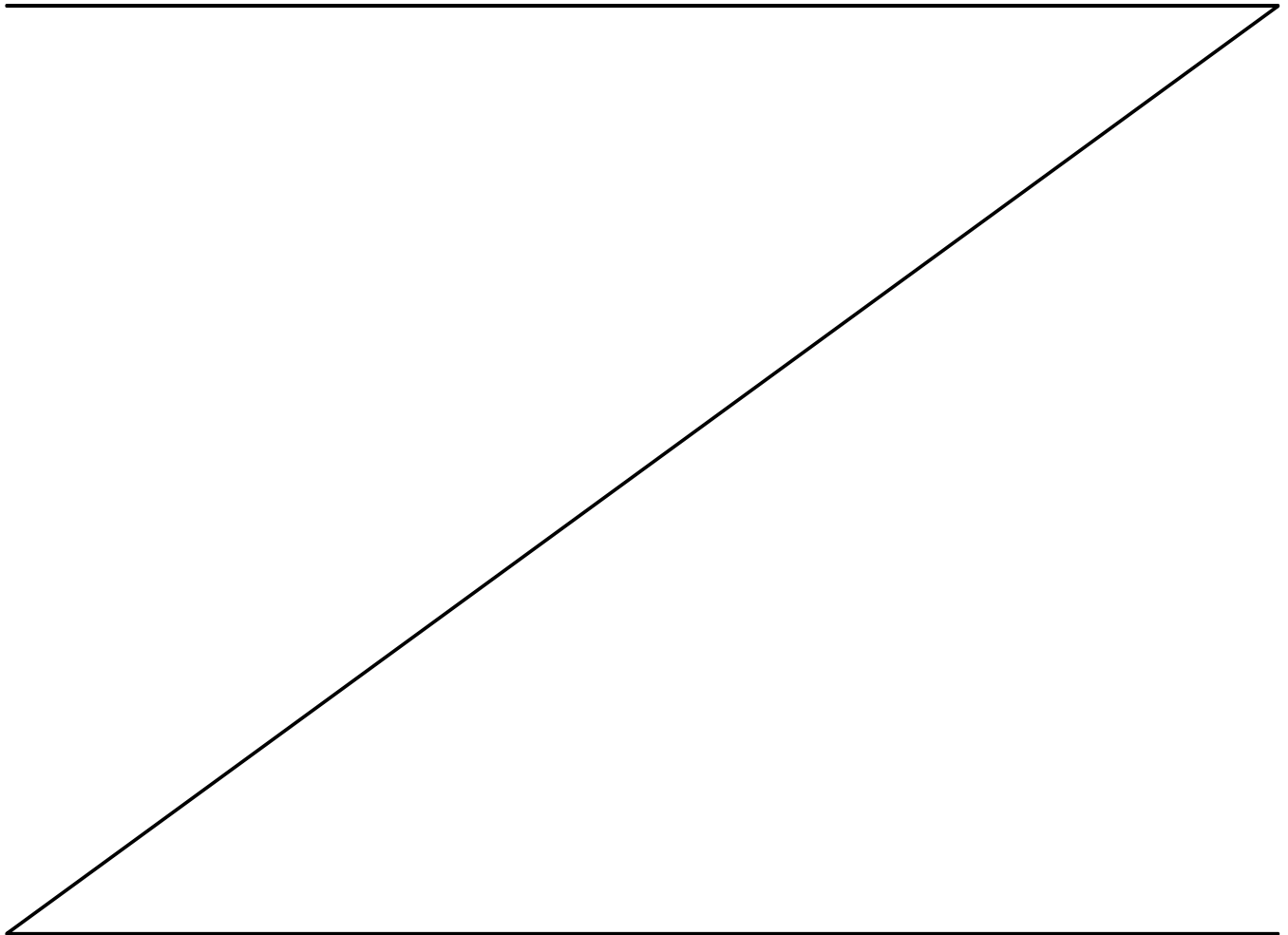
*The following website (<http://acquisition.jpl.nasa.gov/e2000.htm>) will provide the JPL General Provisions (GPs) and Additional General Provisions (AGPs) for the Specimen Contract. These documents will be applicable to the extent called out in the Contract.

PREAMBLE

This Fixed Price Commercial Items or Services Contract, entered into on **TBD** by and between the CALIFORNIA INSTITUTE OF TECHNOLOGY (hereinafter called the "Institute" or "JPL"), a corporation organized and existing under the laws of the State of California, and TBD (hereinafter called the "Subcontractor"), a corporation organized and existing under the laws of the State of TBD and constituting a subcontract under Prime Contract between the Institute and the Government;

WITNESSETH THAT:

The Subcontractor agrees to furnish and deliver the supplies and perform the services set forth in this Contract for the consideration stated herein.



SCHEDULE

ARTICLE 1. STATEMENT OF WORK

- 1.0 The Subcontractor shall provide the necessary staff, equipment and supplies to provide scientific and engineering workstations, hardware, and software as ordered by authorized JPL representatives in support of JPL's Just In Time (JIT) acquisition system, described in Exhibit II, JPL JIT Operational Concept Document. The Subcontractor shall provide the products described in Exhibit I Sections A and/or B. All items shall be delivered to JPL, as requested by authorized JPL representatives for a two (2) year base term period, with an option to extend in one (1) year increments not to exceed five (5) years. All products listed in the On-Line Electronic JIT Catalog as described in paragraph 1.4 shall be delivered to JPL within fifteen (15) working days. This is not a total requirements Subcontract; however, a minimum amount of \$10,000.00 shall be ordered during the term.

JPL will communicate its purchase requirements by transmitting Material Releases (MRs) via Electronic Data Interchange (EDI) technology to a Value Added Network (VAN). The MRs shall be transmitted by EDI in accordance with Exhibit III, Electronic Data Interchange Trading Partner Agreement. The Subcontractor shall receive the MR via a VAN of their choice or equally agreed upon electronic commerce. In the event that the electronic system is temporarily unavailable, the Subcontractor shall notify JPL within thirty (30) minutes whenever the EDI capability is not operational.

The Subcontractor's EDI and Bar Code generation capability, as required by Exhibit IV and V, JPL JIT Operational Concept Document, Exhibit II, and Exhibit VI, JPL JIT Product Packaging and Delivery Instructions, shall become operational no later than thirty (30) calendar days after award of the Subcontract execution. The Subcontractor shall read electronic files (EDI) and generate bar code labels automatically without manual input. Subcontractor performance shall be evaluated in accordance with the requirements outlined in paragraph 1.6.7.1 below, with the performance level calculation beginning on the first day of Subcontract operation utilizing the EDI and bar-coding capabilities. If the Subcontractor's fails to meet the performance level during the first six (6) months it will not necessarily lead to termination in accordance with General Provision entitled "Termination for Cause". The Subcontractor shall receive and process Material Releases (MRs) up to and including the last day of this Subcontract.

In the performance of this effort the Subcontractor shall adhere to the following requirements:

1.1 ELECTRONIC DATA INTERCHANGE (EDI) REQUIREMENTS

The Subcontractor shall acquire or have available, maintain and operate data automation equipment necessary to receive and process electronic MRs. The hardware shown in Exhibit V, JPL JIT Bar-Code Specification, has been determined to be compatible with JPL's hardware and software and is recommended for use under this Subcontract.

If the Subcontractor chooses to use equipment other than that specified, the Subcontractor shall be required to demonstrate compatibility of the alternate equipment with JPL's system.

1.2 VENDOR SYSTEM CERTIFICATION

Certification of the system (end to end) will be accomplished within thirty (30) business

days after award of the Subcontract in accordance with Exhibit VII, Vendor System Certification. If the equipment cannot be demonstrated as compatible and capable of printing the bar code labels, the recommended equipment shall be acquired and utilized by the Subcontractor in the performance of this Subcontract.

1.3 ELECTRONIC BUSINESS CORRESPONDENCE

Establish an Internet-connected Electronic Mail system (e.g. Netcom, CompuServe, Prodigy, MCI Mail, AT&T Mail, etc.) for transmission of all electronic business correspondence, except MR's.

1.4 ELECTRONIC CATALOG

The On-Line Electronic JIT Catalog will be created using Microsoft Excel. This file will reside in the JIT database and the On-Line Electronic JIT Catalog from which all UNIX products will be ordered. The Subcontractor shall be prepared to deliver 100% of the items listed in the On-Line Electronic JIT Catalog in accordance with the terms and conditions set forth in the Contract. All items added to the electronic catalog must be accompanied by supporting pricing data as determined by Article 3. Price and Payment.

1.5 PERSONNEL REQUIREMENTS

Provide qualified personnel to perform the following technical and administrative roles described below:

1.5.1 Subcontract Coordinator and Alternate

The Coordinator shall be designated within ten (10) business days and be responsible, as a minimum for the following tasks:

- 1.5.1.1 Provide the primary interface to the JPL Subcontract Manager for all contractual issues;
- 1.5.1.2 Provide the On-Line Electronic JIT Catalog to JPL;
- 1.5.1.3 Communicate all recommendations for catalog additions, changes and deletions, and price changes. All change requests shall be submitted in writing via email to the JPL Subcontract Manager; and,
- 1.5.1.4 Notify the JPL Subcontract Manager in writing of any changes in the primary personnel listed below.

The Subcontract Coordinator and Alternate shall review JPL usage and product availability and recommend additions, deletions, and revisions to the On-Line Electronic JIT Catalog. The Coordinator shall monitor and make recommendations regarding new product date, discontinued products, etc. Any price changes shall be in accordance with Article 3. Price and Payment.

1.5.2 Technical Coordinator and Alternate

A Technical Coordinator and Alternate shall be designated within ten (10) business days and be responsible for providing detailed technical information

regarding the Subcontractor's portion of the JIT system as necessary to implement the system. The Technical Coordinator shall assist JPL in successfully completing the end-to-end certification of the system in accordance with the time frame provided in 1.2 above. In addition, there shall be a Technical Representative who shall be responsible for providing all JPL personnel/users with adequate information to ensure that each order is correct and complete.

1.6 REPORTING REQUIREMENTS

The Subcontractor shall provide the following reports and documentation:

1.6.1 Status Report

The Subcontractor shall provide a status report via email to the JPL Subcontract Manager or designate and JPL end user for each late MR order found on the "JIT Overdue Orders by Subcontract Report" within two (2) business days of the original required delivery date. As a minimum, the report will include:

- 1.6.1.1 Why the item is late;
- 1.6.1.2 Actions that have been taken to expedite delivery and the expected delivery date;
- 1.6.1.3 Shipment information (i.e. carrier and shipping date);
- 1.6.1.4 Point of contact at Subcontractor's facility for questions; and
- 1.6.1.5 JPL customer's name, date contacted, means of communication (phone, e-mail, etc.) and summary of information communicated.

1.6.2 Monthly Management Report

Subcontractor shall provide a Monthly Management Report no later than five (5) business days after completion of the month to JPL in a format agreeable to both parties, including a summary of the previous month's MR activity. The report shall include, but not be limited to the following areas:

- 1.6.2.1 Issues regarding JPL Performance;
- 1.6.2.2 Any problems in Subcontractor's internal channels;
- 1.6.2.3 Any proposed system improvements;
- 1.6.2.4 General concerns/issues.

1.6.3 Quarterly Review

On a quarterly basis, the JPL Subcontract Manager will identify MRs to be reviewed. The Subcontractor shall be responsible for providing documentation to support the MSRP or published price list in accordance with Article 3. Price and Payment. The report shall be submitted to the JPL Subcontract Manager within twenty (20) business days after receipt of identified MRs by the Subcontractor.

1.6.4 Quarterly Management Review

Subcontractor shall conduct management reviews at the Subcontractor's facility with JPL representatives approximately every twelve (12) weeks. The Subcontractor's Contract Coordinator and Technical Coordinator will be notified at least ten (10) business days prior to the scheduled meeting date. The primary purpose of these meetings is to have the appropriate Subcontractor personnel available to provide information relevant to the performance of the Subcontract. Of particular interest will be the information submitted on the reports described in paragraphs 1.6.1 and 1.6.2.

1.6.5 Catalog/On-line Data Table Updates

The Subcontractor shall provide monthly price/product updates when available from the manufacturer.

1.6.6 New Product Information

The Subcontractor shall communicate any new/improved products available and/or any products that can provide a cost savings to JPL, any available training opportunities, or other relevant information no less than once per quarter to JPL customers of the JIT system. JPL will make available electronic means for transmittal of this information from the Subcontractor to the end users.

1.6.7 PERFORMANCE REQUIREMENTS

Service Level Requirements

1.6.7.1 The Subcontractor shall meet an average monthly Service Level of 95% percent or better. The JPL Receiving Dock will receive JIT deliveries between 7:30 a.m. and 3:00 p.m. Pacific Time (PT) Monday through Friday, JPL holidays excepted.

1.6.7.2 For items ordered and delivered from the On-Line Electronic JIT UNIX Catalog, the Monthly Performance Level is defined as the percentage of products (Example. line items on a fifteen (15) day delivery schedule ordered on MRs) which were received at JPL's JIT Receiving Dock by 3:00 p.m. on the fifteenth (15) working day following receipt of MR by the Subcontractor. MRs sent by JPL after 11:00 a.m. Pacific Time shall be delivered by 3:00 p.m. Pacific Time on the sixteenth working day.

1.6.7.3 Failure to meet the required ninety-five (95%) percent or better Monthly Performance Level for three (3) consecutive months, or four (4) months in any six (6) month period constitutes grounds for termination of this Subcontract in accordance with the General Provision entitled Termination for Cause.

1.6.7.4 Average Monthly Service Level will be calculated utilizing the following formula:

$$\frac{(\text{Total \# of MR line items received}) - (\text{\# of MR line items received that were late/discrepant})}{\text{Total \# of MR line items received}} = \text{Service Level Percent}$$

1.6.7.5 To determine the Monthly Service Level, JPL will subtract the number of MR line items that were late/discrepant from the total number of MR line items received. This number will then be divided by the total number of MR line items received.

Discrepant line items are defined as follows:

1.6.7.6 The number of line items ordered which were not supplied within the proposed delivery schedule. The Subcontractor will not be penalized for Service Level failures caused by a JPL's delivery delayed (including JPL and Subcontractor holidays or other circumstance where JPL is unable to accept delivery) or when either JPL or an appropriate Public Safety agency (Police, Sheriff, Fire, Highway Patrol, etc.) have indicated that a situation exists which creates an unsafe condition - disasters (natural or other), strike, or other peril or for any other reason JPL requests (either in advance or upon arrival) that no JIT delivery be made. The Subcontractor will be relieved for other delays on case-by-case bases were JPL deems it appreciates to relieve the Supplier.

1.6.7.7 The number of partial and/or canceled deliveries (# of line items decreased) not agreed to by the JPL Requester; and

1.6.7.8 The number of shipping errors (incorrect product, unauthorized substitutions, damaged items, over shipments, incorrect/inaccurate shipping labels).

1.6.7.9 Other Areas of Performance

The following areas of Subcontract performance will be monitored but will not be considered as factors in determining Service Level:

1.6.7.9.1 Price Discrepancies (i.e. review findings);

1.6.7.9.2 JPL customer feedback (i.e. complaints, recommendations, etc.) including how well the Subcontractor kept JPL requesters informed of status;

1.6.7.9.3 Exceptions to performance (i.e. average days to delivery, reasons affecting late delivery, number of cancellations or MR returns, etc.); and

1.6.7.9.4 Actions taken as a result of Quarterly Management Review Meetings (i.e. continuous improvement).

Unsatisfactory performance in any of the areas identified above may constitute grounds for termination of this Subcontract in accordance with General Provisions entitled Termination for Cause.

1.6.8 DISCREPANCY HANDLING PROCESS

The Subcontractor's process for handling discrepant MRs shall be as follows:

1.6.8.6 Incorrect, Damaged or Defective Item(s)

If an incorrect, damaged or defective item is received, the on-site Subcontractor shall:

- 1.6.8.6.1 Provide and complete a Service Work Order form signed by the end-user and Subcontractor at the time of set-up/installation.
- 1.6.8.6.2 Leave item with end-user until replacement is made;
- 1.6.8.6.3 Deliver all corrective items to end-user at no charge to JPL.

1.6.9 SHORT SHIPMENTS

JPL will accept no short shipments.

1.6.10 CANCELLATION(S)

JPL reserves the unilateral right to cancel any MR within forty-eight (48) hours after an order is placed. The cancellation shall be transmitted to the Subcontractor via EDI.

1.6.11 WARRANTY REPAIR

- 1.6.11.1 The Subcontractor shall resolve any malfunctioning items(s) ordered on this Subcontract in a manner consistent with the standard manufacturer's warranty Terms and Conditions. The Subcontractor shall communicate recommendations of the intended resolution for the warranty issue within twenty-four (24) hours of notification by the end user, and complete warranty repairs within five (5) business days.
- 1.6.11.2 Any failed item shall be repaired or replaced with a fully functional item in accordance with the manufacturer's repair policy. No more than two (2) attempts to repair an item will be allowed; the third failure shall require immediate replacement with a new fully functional item.
- 1.6.11.3 The Subcontractor shall provide information reporting capabilities regarding the MR Number, quantity, problem description, problem resolution and other pertinent data concerning all warranty repairs and other direct repair calls placed for product ordered through this contract.

1.7 DEMONSTRATION UNITS

Provide demonstration units of selected items of selected equipment in Exhibit I. Monitors and peripherals listed in Exhibit I shall be included along with other items required to attain a fully operational demonstration capability. The items delivered shall remain the property of the Subcontractor and shall be provided to JPL on a no-cost loan basis.

1.8 PROPERTY TAGGING REQUIREMENTS

The Subcontractor shall affix a JPL property tag identifying the JPL NASA Equipment Management Systems (NEMS) number to all property items.

1.9 ELECTRO-STATIC DISCHARGE REQUIREMENTS (ESD)

The Subcontractor shall comply with the minimum ESD Requirements as stated in Exhibit III. The Subcontractor's facility shall be subject to inspection at JPL's discretion for compliance with the ESD requirements noted above.

1.10 URL Addresses

The Subcontractor shall be able to direct JPL end users to a URL addresses on the World Wide Web that provides product pictures, features, and general product information for all items on the electronic catalog.

1.11 WEB PAGE AND CONFIGURATION TOOL

The Subcontractor shall construct and maintain a World-Wide Web page including, but not limited to, an on-line catalog with Sun Microsystems and/or Silicon Graphics equipment which contains a configuration tool for JPL users.

1.12 IDENTIFICATION REQUIREMENTS

1.12.1 The Subcontractor shall affix a label to all items to include manufacturer, product number, finish, fabric, and order date. Label shall be placed in an inconspicuous location.

1.12.2 The Subcontractor shall affix a JPL property sticker (provided by JPL) to all items located in an inconspicuous location.

1.13 PRE-ORDER CONFIGURATION AND TECHNICAL SUPPORT

Provide authorized JPL personnel with adequate information to insure that each configured hardware system or system upgrade will perform as a fully functional system.

1.14 SHIPPING/PACKAGING REQUIREMENTS

The Subcontractor shall ship all items ordered in accordance with Exhibit IV, JPL JIT Bar Code Specification and Exhibit V, JPL JIT Product Packaging and Delivery Instructions.

1.15 ON-LINE ELECTRONIC CATALOG

The Subcontractor shall provide the following on-line catalog information, thirty (30) business days after the date of Subcontract execution in Microsoft Excel:

- 1.15.1 Manufacturer's part number
- 1.15.2 Manufacturer's description of item
- 1.15.3 JPL price
- 1.15.4 Manufacturer's list price
- 1.15.5 Discount percentage
- 1.15.6 Price Category
- 1.15.7 Accountability code (provided by JPL)
- 1.15.8 Commodity Code (provided by JPL)
- 1.15.9 Product Category
- 1.15.10 Taxable (provided by JPL)

1.16 SAFETY REQUIREMENTS

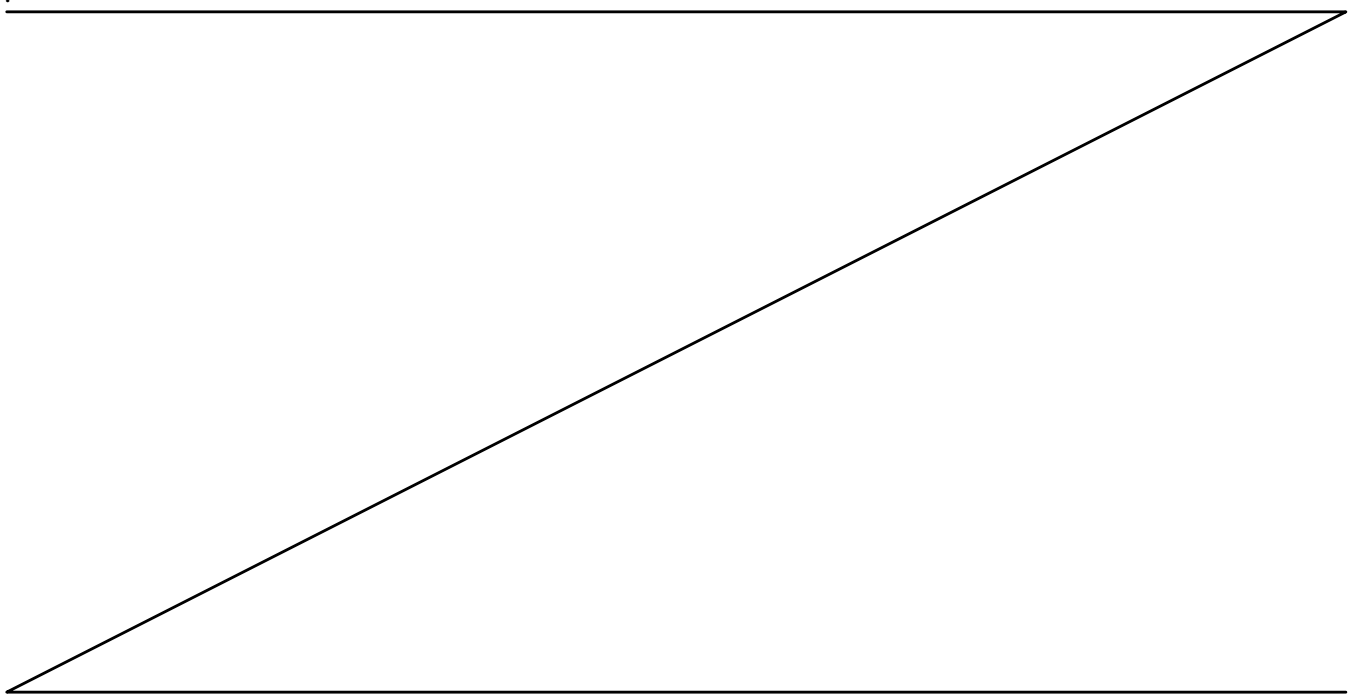
- 1.16.1 In the event of an emergency, the Subcontractor shall dial 3-3333 (Oak Grove Facility only). Be prepared to provide the following information to the operator: your name, the nature of the problem and the location. Stay on the line until you are told to hang up. The operator will then notify the JPL Fire Department and they will dispatch the appropriate emergency personnel to the site. If the Subcontractor has a non-JPL phone, then dial (818) 393-3333 and follow the above procedure.
- 1.16.2 In the event of a mishap involving a personal injury, property damage, the Subcontractor must notify the JPL Safety Office immediately. A thorough investigation report must be completed by the Subcontractor within 24 hours and a copy of that investigation report must be provided to the JPL Safety Office.
- 1.16.3 Upon JPL's request, the Subcontractor shall make available access to their in-house Health and Safety Documentation, (e.g. Injury and Illness Prevention Program, OSHA incident rates.)

1.17 PARKING AND TRAFFIC REGULATIONS

See Exhibit IX

1.18 JPL will:

- 1.18.1 Participate in the end to end certification test as required in paragraph 1.2;
- 1.18.2 Provide electronic means for transmittal of information as described in paragraph 1.3;
- 1.18.3 Identify MRs to be reviewed on a quarterly basis in accordance with paragraph 1.6.3;
- 1.18.4 Conduct Quarterly Management Reviews in accordance with paragraph 1.6.3;
- 1.18.5 Provide average monthly Service Levels in accordance with 1.6.3;
- 1.18.6 Provide Subcontractor with JPL Property stickers.
- 1.18.7 Scan in all deliveries.



ARTICLE 2. DELIVERY OR PERFORMANCE SCHEDULE

2.0 Term - All items shall be delivered to JPL, as requested by authorized JPL representatives for a two (2) year period, with an option to extend the Subcontract for up to three (3) additional years in increments determined by JPL. The Period of Performance for this Subcontract is TBD.

2.1 Except as otherwise provided in this Subcontract, the point of delivery of all supplies deliverable under this Subcontract shall be the Jet Propulsion Laboratory, 4800 Oak Grove Drive, Pasadena, California 91109. All such supplies shall be packaged, packed, boxed or crated in such a manner as to ensure safe delivery and shall be shipped prepaid and at the Subcontractor's expense to the point of delivery.

2.2 Time is of the essence in the performance of this Subcontract.

2.3 The Subcontractor shall adhere to the following instructions for packaging products for JPL receipt:

All items requested on MR(s) shall be packaged together with the Bar Code and Delivery Label as required by Exhibit V, JPL JIT Bar Code Specifications, and Exhibit VI, JPL JIT Product Packaging and Delivery Instructions.

2.4 Schedule

The Subcontractor shall furnish and deliver all products and perform the services required by Article 1. Statement of Work, in accordance with the following schedule:

(Unless otherwise specified all days are calendar days)

	ITEM	NOT LATER THAN
1	Certification of EDI Capabilities as required by paragraph 1.0	Thirty (30) Business Days After Date of Subcontract (ADOC)
2	Delivery of all items listed in the on-line electronic catalog, as required by paragraph 1.0	The proposed Business Days after receipt of MR
3	Subcontract Coordinator as required by paragraph 1.5.1	Ten (10) Business Days ADOC
4	Technical Coordinator as required by paragraph 1.5.2	Ten (10) Business Days ADOC
5	Completed Status Report as required by paragraph 1.6.1	Two (2) Business Days after scheduled delivery date
6	Monthly Management Report as required by paragraph 1.6.3	Twenty (20) Business Days after receipt of report
7	Quarterly Management Review as required by paragraph 1.6.3	Ten (10) Business Days after completion of quarter
8	New Product Information as required by paragraph 1.6.6	Five (5) Business Days after completion of month
9	Complete Warranty Repairs as required by paragraph 1.6.11	Five (5) Business Days after request from end user
10	Set-up/installation of items as required by paragraph 1.6.5	Two (2) Business Days after request from end-user
11	On-line catalog information as required by paragraph 1.6.5	Thirty (30) Business Days ADOC

ARTICLE 3. PRICE AND PAYMENT: Manufacturer Suggested Retail Price (MSRP) Less Discount Model

3.0 The ceiling price hereunder is \$45,000,000.00 for the base term and the Options periods of the Subcontract.

3.1 Unit prices to be paid for items delivered are according to the most current On-Line Electronic JIT Catalog, under the column entitled "JPL Price." The JPL Price for items shall be based on the current MSRP less the fixed percentage discount specified under the column entitled "Discount." This JPL Price shall also include transportation, packaging, handling charges, all profit, overhead and burden expenses and all services required by Article 1. SOW.

3.2 JPL's liability for payment to the Subcontractor, under this Subcontract, shall be limited to payment for products received and itemized in the Remittance Advice as specified in paragraph 1.0, provided that a minimum dollar amount of \$10,000.00 shall be ordered during the Subcontract term.

3.3 Payment terms shall be Net ten (10) days.

3.4 All hardware items purchased under this Subcontract are tax-exempt, under CA Resale No. SR AP 17-006226. Software is currently taxable.

3.5 PRICE CHANGES FOR THE ON-LINE ELECTRONIC JIT CATALOG

The following paragraphs describe the methodology for implementing price changes in the On-line Electronic JIT Catalog. All supporting documents to request any price adjustments must be provided to JPL at least five (5) business days of the effective date.

3.5.1 Price Increases

Price increases will be allowed for fluctuations in memory prices. Monthly price revisions will be considered for all items. Price increases will be effective on the date JPL incorporates the revised prices into the JIT system. Requests shall be submitted two (2) weeks prior, to the Subcontract Manager. In no event will the list price be higher than the Manufacturers Suggested Retail Price (MSRP) as specified in the most current Published Price List.

Price Increase Example

Old List	Less % Disc	Dollar Disc	Old JPL Price	New List	Less % Disc	Dollar Disc	New JPL Price
\$9.00	20%	\$1.80	\$7.20	\$10.00	20%	\$2.00	\$8.00

"% Mark Up" reflects a rounded percentage

3.5.2 The Subcontractor shall furnish to JPL published price list or supporting documentation from the most recent month or calendar period, supporting any request for price increase, and a summary in Microsoft Excel. No increases will be accepted unless the revision exceeds 1% of

the published MSRP. All documentation shall provide clear and convincing proof of actual MSRP.

- 3.5.3 The Subcontractor shall furnish to JPL written documentation supporting any request for price adjustment. All documentation shall provide clear and convincing proof of actual price. Therefore, the published price less the fixed discount percent shall match the JPL Catalog Price. Any price deltas shall be thoroughly explained, but will not be considered as a request for price change.
- 3.5.4 When reviewing supporting documentation for a price increase, JPL will take into consideration any volume discount used in the original proposal preparation (price offered). The same applies to FOB points, etc. that could skew the comparative method being utilized to justify cost/price increases. If the requirement for a particular item drops substantially so that it is not economically advantageous for the Subcontractor to maintain the proposed delivery schedule, it is the Subcontractor's responsibility to notify the JPL Subcontract Manager in a timely manner, so that the On-Line Electronic JIT Catalog can be modified appropriately.
- 3.5.5 While the Subcontract will allow price increases, JPL will only maintain the Subcontractor's fixed percentage discount for an item; NOT the Subcontractor's associated percentage markup for an item.
- 3.5.6 Price Decreases

3.5.6.1 The Subcontractor shall be required to decrease the unit price of an item supplied to JPL weekly upon notification of the Subcontractor's supplier/manufacture that the actual published price has been reduced. The Subcontractor shall notify the JPL Subcontract Manager of any such price reductions, and shall immediately modify the On-Line Electronic JIT Catalog.

3.5.6.2 The revised unit price shall consist of the new MSRP less the fixed percentage discount. No invoice cost decreases will be accepted unless the revision exceeds 1% of the MSRP of the item.

3.5.6.3 The Subcontractor shall be required to extend to JPL Special Pricing Offers immediately upon notification from supplier/manufacture. The new price shall be established as above. Any such offers and their duration shall be communicated to the Subcontract Manager in writing.

Price Decrease Example

Old List	Less % Disc	Dollar Disc	Old JPL Price	New List	Less % Disc	Dollar Disc	New JPL Price
\$9.00	20%	\$1.80	\$7.20	8.00	20%	\$1.60	\$6.40

3.5.7 Fixed Price Discount(s)

The Subcontractor's fixed percentage discount(s) in Exhibit I shall be maintained for the term of the Subcontract, regardless of cost increases, with no exception. JPL reserves the right to review on an annual basis the discounts listed in Exhibit I.

3.5.8 On-Line Electronic JIT Catalog Changes

It is the Subcontractor's responsibility to provide the information, as described in Article 1. SOW, regarding the changes to the On-Line Electronic JIT Catalog to include all price reductions, increases and prices for new products. Prices will be effective on the date JPL incorporates the revised prices into the JIT system. However, any price not substantiated by the Subcontractor's submitted back-up data is subject to correction by JPL.

3.5.9 New Product Pricing

The Subcontractor shall demonstrate reasonableness of the pricing for new products as follows:

3.5.9.1 The JPL unit price for each new item added to the On-Line Electronic JIT Catalog shall be the MSRP, based on the current Published Price List less the minimum fixed percentage discount specified for each product category or manufacturer.

3.5.9.2 The JPL unit price shall include transportation to JPL, packaging, handling charges, all profits, overhead and burden expenses, and all services required by Article 1. SOW.

3.5.9.3 For products not listed in the provided published price list, the MSRP in the most current distributor quotation will be used. For products not listed in the provided published price list or the distributor quotation, the Subcontractor shall provide documentation supporting the MSRP.

3.5.10 Price Protection

In no event shall the price(s) charged to JPL be greater than the price(s) paid by the Subcontractor's most favored customer purchasing the same item(s) in like or comparable quantities.

3.6 REMITTANCE ADVICE

3.6.1 No billing invoices from the Subcontractor will be accepted or acknowledged by JPL. MRs under this Subcontract will be paid based on comparing JPL's request and receipt records as itemized in the

Remittance Advice. Pricing will be the discounted catalog price previously provided by the Subcontractor and accepted by JPL.

3.6.2 Upon receipt of payment and the Remittance Advice, the Subcontractor will be responsible for promptly reviewing that list for accuracy (comparing it to the Subcontractor's record of goods shipped).

3.6.3 It is agreed and understood that all such lists will be deemed accurate and correct if no notice of discrepancy is provided to JPL within ten (10) working days of Subcontractor receipt of such listing. Any required adjustments will be reflected and itemized on the next check issued to the Subcontractor.

3.7 EXAMINATION AND REVIEW RIGHTS

The JPL Subcontract Manager shall have the right to examine and review all books, records, documents and other data of the Subcontractor related to the pricing of the commercial items covered by this Subcontract. The Subcontractor shall make the books, records, documents, and other data available for examination, review or reproduction for a period of three (3) years after the final payment under this Subcontract.

4.0 OPTION

The Subcontractor hereby grants to JPL the option to, at any time, unilaterally extend, before the expiration date, the period of performance. JPL may extend the period of performance for up to three (3) years in one (1) year increments. However, the total duration of this Contract, plus the exercise of the options, shall not exceed five (5) years.

5.0 SPECIAL PROVISION

SPECIAL PROVISION ON ASSIGNMENT, NOVATION AND TRANSFER

This subcontract or purchase order may be assigned, novated, or transferred to a successor-in-interest, a successor contractor to operate the Jet Propulsion Laboratory, or the Government.

5.0 EXHIBITS

The following Exhibits are incorporated into this Subcontract;

Exhibit I	Sun/SGI Product Purchases (7/1/2002 – 7/28/2003)
Exhibit II	JPL JIT Operational Concept Document
Exhibit III	ESD Requirements
Exhibit IV	Electronic Data Interchange Trading Partner Agreement
Exhibit V	JPL JIT Bar-Code Specifications
Exhibit VI	Product Packaging and Delivery Instructions
Exhibit VII	Vendor System Certification
Exhibit VIII	Product ID Guidelines
Exhibit IX	Parking and Traffic Regulations
Exhibit X	Property Tagging Requirement

IN WITNESS WHEREOF, the parties hereto have executed this Subcontract as of the day and year first above written.

CALIFORNIA INSTITUTE OF TECHNOLOGY

By _____
Stanley J. Jankowski
Acquisition Division Manager

By _____
TBD

Instructions to Subcontractor: Do not insert date on Preamble page.

